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Message Text

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61
ORIGIN EB-07

INFO OCT-01 AF-06 ISO-00 SS-15 SP-02 INR-07 L-03 /041 R

DRAFTED BY EB/IFD/ODF:RASWART:WW
APPROVED BY EB/IFD/ODF:JWINDER
AF/EPS:RDUNCAN
AF/E:RFILLING
---------- 130154
R 222103Z DEC 75
FM SECSTATE WASHDC
TO AMEMBASSY KHARTOUM

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STADIS//////////////////////

E.O. 11652: N/A

TAGS: EAID, EFIN, SU

SUBJECT: EXIM FINANCING FOR KENANA

REF: KHARTOUM 2665

1. EXIM BOARD HAS EXTENDED UNTIL FEB. 29 AVAILABILITY OF PRELIMINARY COMMITMENT FOR KENANA TRANSACTION WITHOUT CHANGE IN GUARANTEE REQUIREMENTS OR OTHER PROVISIONS.

2. DEPARTMENT DID NOT INTERVENE TO REQUEST ACCEPTANCE OF SUDANESE GUARANTOR FOR SEVERAL REASONS. ALTHOUGH WE UNDER-STAND POTENTIAL IMPORTANCE THIS TRANSACTION FOR U.S./SUDANESE RELATIONS WE BELIEVE THIS BASICALLY BANK DECISION WHICH MUST BE MADE ON BASIS EXIM'S PERCEPTION RISK AND GUARANTEE REQUIREMENTS. EXIM IS UNDER PRESSURE FROM GAO, CONGRESS, OTHER AGENCIES TO IMPROVE ITS INCOME AND RESERVE POSITIONS, AND IS EXTREMELY RELUCTANT TO TAKE CHANCES ON CREDITS IT CONSIDERS MARGINAL. IN
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ADDITION, THE BANK CONTINUES TO RESPOND POSITIVELY TO OUR

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NEED FOR SUPPORT OF MAJOR U.S. POLICY INITIATIVES ELSEWHERE, INCLUDING ZAIRE, EGYPT, OTHER KEY AREAS,AND WE ARE APPLYING VERY SELECTIVE CRITERIA IN EVALUATING PROPOSALS TO APPROACH EXIM FOR SPECIAL CONSIDERATION IN ANY GIVEN CASE.

FYI - AT LEAST ONE EXIM DIRECTOR WAS UNWILLING APPROVE KENANA COMMITMENT DESPITE GUARANTEE FORMULA, AND BANK WOULD NOT ACCEPT DELETION OF GUARANTEE PROVISIONS WITHOUT MAJOR BATTLE. FINALLY, WE UNDERSTAND FRENCH CONTINUE TO HOLD OUT FOR SIMILAR GUARANTEES, OFFERING SOME CONFIRMATION FOR EXIM'S JUDGMENT DESPITE POSSIBILITY UK AND JAPAN MIGHT NOT IMPOSE SAME REQUIREMENT.

3. EXIM HAS IMPRESSION KENANA REQUESTED EXTENSION OF PRELIMINARY COMMITMENT AVAILABILITY IN ORDER ALLOW MORE TIME FOR NEGOTIATION ON OTHER OFFERS, WITH FRENCH PERHAPS LEADING CONTENDER. AT PRESENT WE DO NOT REPEAT NOT PLAN TO PLEAD FOR BANK TO COME FORTH ON GUARANTEE ISSUE, BUT WOULD BE WILLING RECONSIDER IF EMBASSY SHOULD HAVE STRONG VIEWS TO CONTRARY. KISSINGER

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Disposition Authority: ShawDG
Disposition Case Number: n/a
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